

facilities (including equipment, case studies, etc.) of the hospital on a continuing basis in the active conduct of medical research. A medical research organization which is closely associated, in the manner described above, with a particular hospital or particular hospitals, may be considered to be pursuing research in conjunction with a hospital if the necessary joint effort is supported by substantial evidence of the close cooperation of the members of the research organization and the staff of the particular hospital or hospitals. The active participation in medical research by the staff of the particular hospital or hospitals will be considered as evidence of the requisite joint effort. If the organization's primary purpose is to disburse funds to other organizations for the conduct of research by them, or, if the organization's primary purpose is to extend research grants or scholarships to others, it is not directly engaged in the active conduct of medical research, and contributions to such an organization may not be taken into account for purposes of the additional 10-percent limitation.

(d) A charitable contribution to a medical research organization may be taken into account in computing the additional 10-percent limitation only if the organization is committed to spend such contribution for medical research in conjunction with a hospital on or before the first day of the fifth calendar year which begins after the date the contribution is made. The organization's commitment that the contribution will be spent within the prescribed time only for the prescribed purposes must be legally enforceable. A promise in writing to the donor in consideration of his making a contribution that such contribution will be so spent within the prescribed time will constitute a commitment. The expenditure of contributions received for plant, facilities, or equipment, used solely for medical research purposes shall ordinarily be considered to be an expenditure for medical research for purposes of section 170(b) and this section. If a contribution is made in other than money, it shall be considered spent for medical research if the funds from the proceeds of a disposition thereof are spent by the organization within the

five-year period for medical research; or, if such property is of such a kind that it is used on a continuing basis directly in connection with such research, it shall be considered spent for medical research in the year in which it is first so used.

(5) *Corporation, trust, or community chest, fund, or foundation*—(i) *In general.*

(a) For taxable years beginning after December 31, 1963, gifts made to a corporation, trust, or community chest, fund, or foundation, referred to in section 170(c)(2) (other than an organization specified in subparagraph (1) (i) through (vi) of this paragraph), may be taken into account in computing the additional 10-percent limitation, provided the organization is a "publicly supported" organization. For purposes of this subparagraph, an organization is "publicly supported" if it normally receives a substantial part of its support from a governmental unit referred to in section 170(c)(1) or from direct or indirect contributions from the general public.

(b) An important factor in determining whether an organization normally receives a substantial part of its support from "direct or indirect contributions from the general public" is the extent to which the organization derives its support from or through voluntary contributions made by persons representing the general public. Except in unusual situations (particularly in the case of newly created organizations), an organization is not "publicly supported" if it receives contributions only from the members of a single family or from a few individuals.

(ii) *Special rules and meaning of terms.*

(a) For purposes of this subparagraph, the term *support*, except as otherwise provided in (b) of this subdivision (ii), means all forms of support including (but not limited to) contributions received by the organization, investment income (such as, interest, rents, royalties, and dividends), and net income from unrelated business activities whether or not such activities are carried on regularly as a trade or business.

(b) The term *support* does not include:

(1) Any amounts received from the exercise or performance by an organization of its charitable, educational, or other purpose or function constituting